



Living Healthy Working Well

How is Your Financial Health?

Many people are uncomfortable discussing their financial matters with others. This often leaves us with little or no idea of how to create a budget, manage finances or even whom to talk to when we need help. As a result, we may find ourselves living paycheck to paycheck, tapping into our savings or working overtime to pay bills. Any of these situations, and many others like them, can lead to even greater financial difficulties.

REVIEW YOUR SPENDING HABITS

You don't have to be in debt before you start thinking about improving your financial situation. Sometimes, simply looking at your current spending habits can reveal patterns that should be modified in order to achieve your financial goals. Maybe you tend to indulge yourself by purchasing items on a whim or items you don't really need. Or perhaps you are living a comfortable lifestyle, dining out and going to movies on a regular basis. While you are able to meet your mortgage and car payments, you might be putting off important purchases until your next paycheck. You may also find yourself unable to afford that long-awaited, special vacation. A closer look at your spending habits can provide a new perspective on your financial situation. This is the first step in improving your financial health.

REASONS FOR DEBT

Debt can result from many situations. After years of paying the minimum payments (mostly interest) on your credit cards, your monthly payments may no longer be making a dent in the overall balances. Or possibly, you have a child in college. Tuition is due, along with books and everything else that goes with college, and your savings are exhausted. Or maybe you have decided it's time that you went back to college.

UNEXPECTED DEBT

Sometimes financial difficulties result from unexpected events such as the death or illness of a family member, a divorce or damage to your home and property. Changes such as these often bring numerous costly and unanticipated expenses. At the time, you may only be able to see the bills flowing into your mailbox and your savings account dwindling. You may not be able to see a way out of your financial burden. Although it may seem overwhelming, debt is not insurmountable. This is when you may want to call your EAP.

YOUR EAP CAN HELP

Sometimes talking with a professional counselor can help you address your personal concerns about money, your spending habits, budgeting and paying off debt. The EAP can help you analyze your situation, develop a personal budget and, if necessary, look at different resources for further financial counseling. The EAP does not offer investment advice or make loans. However, a counselor can refer you to other resources for these services.

Marriage & Money

Money matters are often a major source of disagreement in marriages or relationships. Even if you are in relatively good financial shape, how money is handled can be a touchy subject. But, when monthly expenses exceed the amount of income, the difficulty of meeting (or not meeting) those financial obligations can put a high level of stress and tension on all involved. Developing a financial strategy is the key. Through communication and planning, you can spend, save and develop a strong and balanced financial future together. The following self-help strategies can help:

\$ Set financial goals

Decide together what you want to accomplish within a certain time frame. Review on a regular basis and modify your plans and goals, if necessary.

\$ The yours, mine and ours of finances

A joint account works only when both parties agree that "what's mine is yours." Both must agree on a livable budget and have similar spending practices. Separate finances work well when both partners agree to take responsibility for a portion of the household costs, then are free to do what they wish with the rest of their money with no resentment from the other partner.

\$ Organize financial records

Get in the habit of quickly filing statements, check stubs and receipts. These are important for preparing taxes, checking for credit card or billing errors, and for monitoring spending.

\$ Limit your number of credit cards

The recommended number is no more than four. Shop around to find low interest rates and low or no annual fees. Pay them off every month or use them only for emergencies.

\$ Use credit sensibly

Only purchase items on credit that will outlast the payments (i.e., a refrigerator or washing machine). Using credit for everyday items such as groceries is not cost effective, nor is buying a non-essential sale item. The credit interest, if left to accrue, will cancel out any savings.

\$ Determine your debt limit

A safe debt load (excluding rent or mortgage) is generally no more than 20 percent of your monthly take-home pay.

\$ Get advice from the experts

Don't be shy about getting professional help from an accountant or financial planner if you need help managing your money.

REMEMBER . . .

Your Employee Assistance Program (EAP) is available to you and your eligible dependents. EAP counselors are available 24 hours a day to discuss your concerns and provide confidential assistance at no cost to you.

You can also access the EAP newsletter on the Internet. Just go to the following address:
www.dpa.ca.gov/benefits/other/eap/news/wrkgwell.htm

*"Living Healthy, Working Well" is a monthly newsletter distributed by
MBC, an affiliate of Magellan Behavioral Health, to State of California EAP Coordinators.*